



STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS
California's Investment and Financing Authority

NEWS RELEASE

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Arnold Schwarzenegger, Governor

Wayne Strumpfer, Acting Commissioner

FOR IMMEDIATE RELEASE

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**SCAM ARTIST POSING AS VENTURE CAPITALIST SENTENCED FOR SELLING
FRAUDULENT INVESTMENT TO SANTA CRUZ INVESTOR**
*Local resident among at least 50 investors from various states who were
conned by telemarketing calls and Internet ads*

(Santa Cruz, CA)—A Los Angeles man has been sentenced to four years in state prison after pleading guilty to one count of securities fraud in each of three counties: Santa Cruz, Santa Clara and Placer. Richardson was ordered to pay restitution to California investors totaling more than \$600,000.

Wayne Keith Richardson, 47, had been sentenced on October 14 in Santa Cruz County Superior Court. Santa Cruz County District Attorney's Office charged Richardson in 2002 with grand theft and securities fraud after a local resident who invested in his Los Angeles based company, Edge Business Services in 1999, failed to receive a payment in 2001 based on an annual yield of 29.9 percent.

Authorities claim Richardson used investors funds for trips to Hawaii and New York City, luxury hotels, and shopping sprees in Beverly Hills and New York City.

Richardson failed to appear for trial in May 2003. He remained at large until a Michigan man, whose father was about to invest \$25,000, researched Richardson on California Department of Corporations (Corporations) Web site and discovered he was unlicensed and had been issued enforcement orders in several states. With the help of the investor, a meeting was arranged at a hotel near the Los Angeles International Airport whereupon FBI agents and U.S. Marshals posing as investors arrested Richardson.

"By joining forces with local law enforcement, we can effectively prosecute scam artists who prey on unsuspecting investors, particularly the elderly," said Corporations acting Commissioner Wayne Strumpfer. "This sentence and order to pay restitution should make other schemers think twice before starting their own illegal investment scams."

Corporations worked with Santa Cruz County prosecutor William Atkinson to prosecute Richardson. "This type of case underscores the need for active, on-going enforcement efforts from the Department of Corporations," said Atkinson. "Without the efforts of Corporations Counsel Sean Rooney, Mr. Richardson's investment scam would never have been brought to light and he would still be stealing money from unsuspecting California consumers."

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